

Message Text

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SUBJ: VOEST-ALPINE'S INTEREST IN US METALLURGICAL COAL

REF: 75 VIENNA 0510, 75 STATE 15359

1. ON OCCASION OF VISIT OF MR. STRAUSS LEON, DIRECTOR, STRATEGIC INDUSTRIAL PRODUCT SALES GROUP, BIC, MR. KURT ROHNER, DIRECTOR OF VIENNA BRANCH OF STEEL COMBINE VOEST-ALPINE MONTAN A.G. (VAM) AND MANAGER OF IMPORTKOHLE (A FIRM HANDLING ABOUT 75 PERCENT OF AUSTRIAN INDUSTRIAL IMPORTS OF SOLID MINERAL FUELS), INDICATED VAM'S CONTINUING INTEREST IN EITHER PARTICIPATING IN US COAL MINING OPERATION, OR IN THE ACQUISITION OF A MEDIUM-SIZED METALLURGICAL COAL DEPOSIT IN THE US. WE WERE ALSO INFORMED THAT MINING EXPERTS OF VAM'S NEW YORK SUBSIDIARY RECENTLY MADE CONTACTS WITH A NUMBER OF US MINING COMPANIES.

2. DIRECTOR ROHNER EXPLAINED MAJOR REASON FOR HIS COMPANY'S INTEREST IN US COAL. VAM PRESENTLY DEPENDS ON EASTERN EUROPEAN SOURCES FOR ABOUT NINETY PERCENT OF ITS COAL NEEDS. ALTHOUGH THESE SOURCES PROVED DEPENDABLE OVER THE LAST TWO DECADES, VAM, FOR POLITICO-ECONOMIC CONSIDER-

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ATIONS, WISHES TO DIVERSIFY BY SECURING NEW LONG-TERM

SOURCES OF SUPPLY IN THE WESTERN HEMISPHERE.

3. VAM'S VIENNA REPRESENTATIVE STRESSED THAT CURRENT LONG-TERM CONTRACTS WITH EAST AND WEST EUROPEAN SUPPLIERS WILL EXPIRE ONLY IN THE MID-EIGHTIES AND NOTED THAT VAM HAS ADEQUATE AMOUNT OF TIME TO CONDUCT ITS SEARCH FOR US SOURCES.

4. IN RECENT YEARS, VAM AND IMPORTKOHLE HAVE NOT IMPORTED US COAL FOR PRICE REASONS, ROHNER EXPLAINED THAT CIF PRICES FOR COKING COAL OF US ORIGIN EXCEEDED PRICES FOR EASTERN EUROPEAN COAL BY UP TO 40 PERCENT.

5. ALTHOUGH VAM'S COAL REQUIREMENTS UNTIL 1984 ARE COVERED THROUGH LONG-TERM DELIVERY CONTRACTS, ROHNER IS PREPARED TO CONSIDER PROCUREMENT OF SOME SHIPLOADS OF US COAL IF OFFERED AT REASONABLE PRICES; TERM QUOTE REASONABLE UNQUOTE WAS DEFINED BY ROHNER AS MEANING THAT PRICES SHOULD NOT RUN SUBSTANTIALLY ABOVE THOSE ASKED BY EASTERN SUPPLIERS.

6. EMBASSY WOULD APPRECIATE BEING INFORMED ON CONTINUING BASIS OF POSSIBLE INTEREST BY US COAL MINES IN FOREIGN PARTNERS, OR THOSE WHO ARE INTERESTED TO SELL DEPOSITS OF METALLURGICAL COAL. COMMERCE MAY WISH TO INFORM TRADE ABOUT VAM'S INTEREST IN FAVORABLY PRICED SHIPLOADS OF US COAL. ASSISTING THIS LARGE AUSTRIAN COMPANY IN DIVERSIFYING ITS SUPPLY SOURCES FOR COAL IS EXPECTED TO PAY OFF BY AN EVEN LARGER WILLINGNESS OF VAM TO BRING MORE US ENTERPRISES INTO THEIR FOREIGN SALES ACTIVITIES. MEEHAN

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